Banks - 1930

D.C.

PRUDENTIAL BANK RE-ELECTS ALL OF ITS OFFICERS

Is Only Savings Bank Here To Show Increase In Deposits

President Hawkins makes report to stockholders in regular annual meeting showing deposits of over $400,000; resources over $550,000; and that the present board of directors was unanimously re-elected. Dr. John R. Hawkins, chairman; Edward A. Baker, W. L. Board, James A. Cobb, A. M. Curtis, J. C. Dowling, J. H. Greene, Talley R. Holmes, Allen F. Jackson, J. Hayden Johnson, L. Melendez King, M. S. Koonce, Charles E. Mitchell, A. U. Pearson, Peter Price, George A. Robinson, S. W. Rutherford, Louie A. Schenck, A. N. Scurlock, W. H. Thompson, Thomas Walker, G. C. Wilkinson, and Wm. H. Wilson.

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In the report of President Hawkins to the stockholders and the directors, he brought out the fact that every saving bank in Washington, with a single exception, reported a decline in deposits since the October call. The exception was the Prudential Bank.

Of the $100,000 capital stock subscribed, $98,380 has been paid in. The bank recently opened a Christmas Savings Club for 1930, and already over 3,000 subscribers have been listed representing a club of over $150,000. The Christmas club closes February 1.

total resources are given as $2,032,546.33, deposits $1,456,651.20, and loans $670,305.78. The bank has a capital of $250,000, surplus of $30,000 and undivided profits of $20,424.12. Anthony Overton is president.

Douglas National Bank Has Surplus

WASHINGTON, D.C. — (I.N.P.)—Despite the general economic depression which now exists, the Douglas National Bank of this city shows an unusually sound and healthy condition by its last report made October 3, 1930. By this report

Banks-1930

D.C.

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Tribune
1173
Washington

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Courier Pittsburgh
12-13-30

WASHINGTON, Dec. 11 — (A.N.P.)—Despite the general economic depression which now exists, the Douglas National Bank of this city shows an unusually sound and healthy condition by its last report made October 8, 1930. By this report,

Banks — 1930

Florida

SET UP NEW BANK

JACKSONVILLE, Fla., Feb. 26— To rescue Negroes from loan-sharks and aid their small businesses, a temporary organization for the establishment of a branch of the Allen System of Banking and Loans was set up by Negro leaders at a meeting at the local Urban League.

The organizers are Grand Master D. F. D. Powell, of the Masons, B. C. Vanderhost of the Peoples Industrial Insurance Company, A. L. Lewis of the Afro-American Insurance Company, Washington Hampton, Presiding Elders Henry Y. Tookes, and G. E. Curry, and Attorneys D. W. Perkins and S. D. McGill.

Depositors of Jacksonville Bank Get Fourth Dividend

JACKSONVILLE, Fla., June 27.— With the payment of the fourth dividend this week by the Anderson & Co., bankers, 40 per cent of the total amount had on deposit by depositors at the time the institution went into receivership in 1921, has been paid.

The closing of the bank was caused by a run that was occasioned when a tremendous crowd gathered in and around the bank to draw their Christmas checks. Immediately after the bank closed nine of the depositors placed the affair in court. And for nearly four years the receiver could not function due to the many legal battles brought against the institution.

After fighting through four courts, the United States court of appeals in New Orleans handed down a decision to the owners of the bank in favor of the depositors.

Richard D. and Charles H. Anderson, owners of the bank, spent more than $10,000 to prevent the bank being placed into bankruptcy, in which event the depositors would have received as a settlement in full about 10 per cent. The officers of the bank are receiving many congratulations for their loyalty to the depositors.

Freedmen's Savings and Trust Company

Banks-1930

NEW YORK WORLD

JUL 6 - 1930

Congress Closes Affairs Of Insolvent Negro Bank

Depositors in Institution Opened at Close of Civil War Lost Million Dollars

By Lester A. Walton

AFTER more than fifty years of agitation by Negroes to secure Congressional legislation authorizing the Federal Government to reimburse in full depositors who lost over a million dollars in the collapse of the Freedmen's Savings and Trust Company, the United States Treasury, through Under Secretary Ogden L. Mills, announces that no further financial relief is to be given.

Representative John J. Cochran of St. Louis, at the instance of a constituent who cherished hopes of recovering his losses through the benevolence of Uncle Sam, upon making inquiry as to the possibility of favorable action, received a communication from Mr. Mills which read in part:

"The accounts of the Freedmen's Savings and Trust Company were finally closed on Dec. 1, 1920, and the Comptroller of Currency, as Commissioner, reported to the Speaker of the House of Representatives that the sum of $1,733,475.71 had been paid on claims amounting to $2,939,925.22. The funds of this company were entirely exhausted on that date."

Bank's Branches Chiefly in South

The writing of finis ten years ago by Government officials to one of the most tragic and untimely financial crashes in the annals of American banking was not given widespread circulation, and to many indulging in sanguine expectation that in course of time their claims would be favorably recognized the information will come as a big surprise.

The chartering of the Freedmen's Savings and Trust Company by Congress and the statement by the institution appearing on its stationery and literature that "the Government of the United States makes this bank perfectly safe" induced thousands of Negroes to become depositors. The belief was general that if the bank ever failed the United States Treasury would have to become bankrupt. Nothing was done to dissipate this opinion.

In the late seventies and early eighties bills were introduced in Congress providing for the reimbursement of depositors by the Government on the ground that it was morally responsible. At no time did the Senate and House jointly concur, although both branches acted favorably on relief measures, but not during the same session.

The Freedmen's Bank grew out of the successful operation of military savings institutions for Negro troops during the Civil War at Beaufort, S. C., and Norfolk, Va. Friends of emancipated slaves had an act passed by Congress March 3, 1865, granting a charter for the organization of the Freedmen's Savings and Trust Company. It was the first bank in the United States in which Negroes held positions of honor and trust.

Bank Dealt Largely In Piety

The concern's management was placed in the hands of a board of fifty trustees, who elected from their number a President and two Vice Presidents and appointed such other officers as the business of the company required. The principal office was in Washington. Thirty-six branches were opened, principally in the South.

In 1874, the affairs of the company became seriously involved and the trustees were authorized to appoint three Commissioners to wind up the business. John J. Knox, Comptroller of Currency; R. H. T. Leipold, a Treasury official, and Robert Purvis, a retired Negro business man of Philadelphia, were named. In 1881 Congress authorized the Secretary of the Treasury to appoint the Comptroller of Currency to liquidate the Freedmen's Savings and Trust Company.

At the time the company went on the financial rocks the charge was made that a white politician in Washington had borrowed and invested large sums of the bank's funds in a public improvements venture. Inability to realize on frozen assets precipitated a crisis. Originally Congress had empowered the bank to invest only in Government securities, bonds and real estate. Later an amendment rendered it possible to extend loans permitting imprudent speculation.

When the bank was in flourishing condition it had in its vaults $4,000,000. During the early period of liquidation three or four different payments were made to depositors from money realized from unfrozen assets.

Failure of the Freedmen's Savings and Trust Company, known as the Freedmen's Bank, occurred when the Negro was but a short time out of slavery and was acquiring the habit of thrift. Next to his Bible came the Federal Government and deep-rooted convictions as to its infallibility. Up to this day the effect of this big shock and bitter disillusionment has not wholly disappeared. For there are aged Negroes who prefer hiding their money in secret places about the house to putting it in the bank.

Local Negroes were hard hit. Also a number of white residents, the largest depositor an estate which had been so impressed with the branch's impregnability that it carried an account of from $15,000 to $20,000. In New York, Philadelphia, St. Louis, Louisville and branches in the Far South, as well as the main office in Washington, the managers usually were white and the clerical force colored.

Banks - 1930

Illinois.

RUMOR MERGER OF BANKS IS IMMINENT

CHISAGO, March 19—(CNS)—According to a story published in the daily Post-Dispatch, William Botter's Negro daily, which is enjoying its first week of life, six banks in the so-called colored district of the city are considering merging their interests in order to promote a program of business expansion.

The leader in the expansion and merger program is reported to be Jesse Binga, president of the Binga State Bank. The other banks named in the merger project are: the Franklin Trust and Savings, the Roosevelt State, the Bankers State, the Lincoln State, and the Industrial State. These last five are what is known as "white" banks, being owned and officered by white people.

The Douglass National Bank, Anthony Overton, president, is not named in the report, but the South Parkway National Bank, a new institution chartered through the efforts of Mr. Binga, would become a part of the consolidation.

An effort to get in touch with Mr. Binga by a representative of the Associated Negro Press was unsuccessful. One of the directors of the Binga Bank, F. L. Webb, replying ostensibly from Mr. Binga's office, declined to discuss the matter in any respect.

"Was the report as published true?" he was asked.

"I cannot say anything at this time," he replied.

The immediate effect of the report was to arouse speculation as to the prospective benefit to the Negro group of such a merger. All of the banks named do a large commercial and savings business with Negroes, but outside of the Binga Bank, they employ little colored help. Some have colored janitors and guards and two or three have tellers, stock salesmen, and account solicitors. If the merger became a fact, however, it would seem to be an indication of the virility of the movement now active in the district to recognize the inter-dependence of the white and black interests in the district and their disposition to cooperate.

CHICAGOANS OWN BANK STOCK

CHICAGO, July 10 —The thirty-third annual stockholders number of the Chicago Evening Post, which lists all the stockholders of Chicago banks, includes a large number of colored stockholders. Members of the group hold large blocks of stock in several south side banks which are under white management as well as the controlling interests in the two banks under Negro management, the Douglass National Bank and the Binga State Bank. The Douglas National Bank has 702 stockholders, according to the report of whom five hold blocks of 50 shares or more. Anthony Overton, president, is the largest individual owner with 125 shares and he is followed in importance by other members of his family, including Frances Hill with 100 shares and Eva Lewis with 101. Theodore Roan, assistant cashier, has 52 shares. Victory Life Insurance Company, of which Mr. Overton is president, owns the largest block of stock with 600 shares. There are 23 other stockholders who own between 10 and 50 shares.

Jesse Binga, president of the Binga State Bank, is the largest stockholders in that institution with 618 shares. He is followed in importance by Estelle E. Jackson with 177 shares, Dr. A. Wilberforce Williams with 108 shares, Walter Kelley with 100 shares, Dr. U. G. Bailey with 65 shares, Congressman Oscar DePriest with 63 shares and Rev. C. N. Clark with 51 shares. Twenty-five of the 202 stockholders own between 10 and 50 shares each.

The Lincoln State Bank and the Bankers' State Bank, both large south side institutions, each have between 50 and 100 Negro stockholders. In the Lincoln State Bank, Alderman Louis B. Anderson is the largest Negro stockholder with 108 shares, while Dr. A. Wilberforce Williams is second with 100 shares. From the report it appears that Dr. A. Wilberforce Williams is the largest individual holder of bank stocks in the group not in active charge of a banking institution. The par value of each of these bank stocks is $100.

Negro Bank Closed.

CHICAGO, Aug. 2.—(AP)—The Roosevelt State bank, a negro bank, with deposits of $1,600,000 was ordered closed by the state auditor today because of a cash shortage. There had been heavy withdrawals said to have been inspired by the closing of the Binga State bank, another negro institution, because of frozen assets, largely real estate papers.

NEW YORK TIMES

AUG 1 - 1930

CHICAGO NEGRO BANK FAILS

Binga State, Largest Serving Race in City, Hit by Withdrawals.

Special to The New York Times.

CHICAGO, July 31.—The Binga State Bank, built up by Jesse Binga during twenty-two years to the position of Chicago's outstanding Negro bank, closed its doors today and asked the State auditor to make an examination and readjustment.

It was the first time in the history of the institution, regarded as a financial backbone of the city's Negro population, that there had ever been any doubt as to its strength.

Frozen assets and insufficient cash were blamed by officials of the institution, whose directorate is composed entirely of Negroes. There was no run on the bank, but merely a gradual withdrawal of deposits. The bank is capitalized for $200,000, has a surplus of $45,000 and deposits of $1,200,000.

Jesse Binga, the president, was for years the largest real estate operator among his race in the city. He built up a private banking business, which in 1921 he turned over to the State bank when it was granted its charter.

C. N. Langton is vice president of the bank and R. H. Mickey is the cashier.

NEW BUILDING THOUGHT TO BE CAUSE

No Statement Issued by President Binga; Had Million in Deposits

CHICAGO, — The Binga State bank, long regarded as the soundest financial institution among Negroes anywhere in America, closed its doors yesterday morning, July 31, at eleven o'clock.

No statement was made public by Jesse Binga, veteran president of the institution, or by any officer.

It is too early to estimate what depositors may expect from the closing. Several lodges are among the depositors.

While no official statement has been made, it was said that the recent completion and opening of the new Binga Arcade building drained more of the resources of the banking institution than was expected.

The new building was located by the Binga interests in what is regarded as a bad business district and was said to have been placed there against all advice tendered by friends of the banker and by students of Southside conditions.

It is also stated that friendly traction interests located in the Loop district had intended loaning $200,000 on the building, but found the move not warranted.

Rumors are flying thick and fast and one has it that the Binga ambition has been the main cause. An indication of this attitude is found in an incident which took place at the time bids were advertised for the new building. A. A. Alexander, a colored contractor of Des Moines, went to bid on the building and Mr. Binga is said to have told him he (Alexander) did not have enough money to bid on his (Binga's) building. Alexander, who had just finished constructing a million-dollar heating plant for the University of Iowa, got his bankers on long distance telephone and they are said to have told Binga Alexander's unsecured note was good with them for $100,000. Alexander then dropped the Binga job as "small change."

The news of the closing has stunned the Southside as Binga, although not personally agreeable to the rank and file, has always been regarded as one of the most conservative and hard-headed business men of the race.

The bank started as a private institution, but got a state charter about ten years ago. It had over one million dollars in deposits and its holding in Southside real estate were heavy.

Binga, himself, has been pointed out frequently as the type of business man the race should develop. He began as a Pullman porter and went from that to handling rentals and small loans. He has been known in all his deals as a careful banker, not inclined to take chances of any sort. As a result, while his bank did not "leap" to fame, it grew with solid, steady growth. His friends are saying that some twist in the financing of the handsome new building is perhaps responsible for the closed doors.

Binga's Closing

By this writing the startling and confounding information that the Binga State Bank of Chicago has ceased to function shall have been broadcast wherever there are colored people in this country. There will be much meaningless argument, thousands of home-made sophistries and the tongues of colored America will go a wagging. Few will view this misfortune as an occurrence in the regular course of business nor as a result of the deplorable depression that has paralyzed the business of this nation and bankrupted endless numbers of institutions that heretofore have been regarded as sound and as solid as the "Rock of Gabralter." Since the Illinois Bank Examiners have given out no definite statement we are not justified in giving our opinion as to the exact and proximate reason of this difficulty but we are righteously constrained to view it philosophically. 8-9-30

Banks have been failing all over the country; over sixty have already failed in Illinois during the year. Another bank operated by whites in Chicago's colored district closed its doors shortly after Binga's misfortune, while in outlying districts, outside of the big business districts of Chicago, there has been much unsteadiness and unrest. It follows then that colored people are not impregnable to the results of frenzied finance. Binga operated successfully for over twenty years; he was a trail-blazer and a pioneer; his enterprises have been sources of inspiration for colored people everywhere and he has unquestionably stimulated progress within the confines of his race. They rumor that "frozen assets" precipitated the closing of the bank. Frozen assets are those that cannot be readily converted into cash such as mortgages on southside property. The reasons that southside mortgages are regarded as frozen are too well known to comment upon and we may as well cheerfully face the facts.

There are those who are gloating gleefully over the affair and seem inclined to regard it as a personal mishap but personalities must be disregarded and every sensible person must know that this failure is far-reaching and impersonal, but it will not devastate the race nor halt us in the constant progress that we are compelled to make.

DEPOSITORS TO BE PAID IN FULL; FRIENDS RALLY

Banks Stand Firm All Over Country as Doors of Binga Bank Close Temporarily.

CHICAGO, Aug. 7 — The news of the closing of the Binga Bank of the South Side, Chicago, Friday, had scarcely reached the country before the reliable news of its reopening had been broadcast.

When it became known that the board requested the temporary clos- ing to give time to liquidate suffici- ent assets to meet the daily demands of depositors, the "closing" did not cause the usual excitement which follows the closing of banks. The Binga Bank has assets sufficient to pay everybody; but the board felt that time should be asked for to re- duce some of the so-called "frozen assets" to cash in order to escape receivership in the event the deposit- ors drew cash faster than the assets could be converted.

"Of course, our people do not know the difference between a bank insolvent and a perfectly sound bank with its assets tied up in securities which cannot be reduced to cash 'at sight.' This makes it difficult for our people to understand what is meant by 'closing' a bank until the assets can be liquidated. Most of us think the 'closing' is a final death or burial of the bank," declared an official to a Courier reporter.

Depositors Confident

When it became known that the Binga Bank would reopen, as strong as ever, and with new "banking blood" in the treasury, the excite- ment which usually folows such crises quieted. Confidence in the board has not been shaken. The men are among the "go-getters" of Chicago. It is known that these men enjoy the confidence of the banking department as well as the state audi- tors. As soon as the closing was announced the board, President Binga and their friends got busy. Be it said to the credit of Supreme Liberty Life Insurance Company that two of its financial experts were on the job at once to lend any assistance possible. T. K. Gibson and Wilson Lovett were busy within an hour after the closing. It is known that plans are almost complete for the reopening. President Jesse Binga has resources all his own, coupled with the assistance of the board and its friends, and he is going to reopen the Binga Bank with renewed zeal.

Other Banks Stand Firm

The Binga Bank closing started inquiry all over the country as to the stability of our Negro banks. From Philadelphia comes the report that all is well with Dr. R. R. Wright and his institution. Dr. Wright says: "We are sharing the depression of the country, but we are standing firm." This news from Philadelphia lends confidence everywhere.

From Durham, our Negro Wall Street, comes the word that "We are meeting every demand without dif- ficulty, notwithstanding the country's condition." Spaulding and his asso- ciates are ready to help out in Chi- cago, if and when called upon. This spirit of co-operation is what we need in every town, city and county The Durhamites know how.

From Louisville comes the an- nouncement that the two banks there have passed a resolution to consoli- date, or merge. The resolution will soon be submitted to the stockhold- ers for approval. When this is ac- complished we can look to Louisville for additional financial strength. We need have no fears at Louisville.

The Chicago situation became tem- porarily worse when a white bank in the South Side was closed by the state examiners two days after the Binga State Bank closed. For the moment this threw Chicago into what may be termed a temporary panic. The white bank is still closed as we go to press, but the last report re- ceived indicated that it expects to reopen.

When we remember the number of white banks, some of them national banks, closing all over the South, we may feel flattered that our own banks are able to weather the Hoov- er depression now felt all over the United States.

started as a private institution and became a state bank several years ago. In April of last year the U.S. Treasury Department granted Binga a charter to do business as a national bank. Associated with him in the National bank interprise, which was to function separate from the state institution, were Dr. U. G. Dailey Charles S. Jackson, the Rev. Harold M. Kingsley, Dr. Carl G. Roberts, and T. C. Windham.

The new institution is operated at 4636 S. Parkway while the state bank is located at 35th and State.

The Binga State Bank was the first to be operated west of the Alleghany Mountains. Binga was born in De- troit in 1865.

The directors were Robert S. Abbott, Dr. U. G. Dailey, Congressman Oscar DePriest, John R. Marshall, W. A. Robinson, C. H. Clark, A. W. Will- iams and C. N. Langston.

South Side Hit Hard When Institutions Shut Doors

Three state banks closed their doors in Chicago within one week. All three banks were the depositories of thou- sands of South side business men, workers and housewives.

The closing of the Binga State bank at 35th and State Sts. last Thursady at 1:37 by State Bank Auditor Oscar Nelson threw the South side into a turmoil.

A wild rush of people holding bank books on the Franklin, Douglass Na- tional, the Bankers State (recently consolidated with the Roosevelt State of 35th and South Pkwy.) and the Citizens State, and heavy withdraw- als caused the closing of the Bankers State bank (white) at 37th and South Pkwy, early Saturday morning. On Tuesday the Citizens State (white) at 55th and State Sts. closed follow- ing the withdrawal of $500,000 be- tween Friday morning and Monday evening.

"Frozen Assets" Close Binga's

The Binga State bank, pride of the racial group in Chicago, housed in a magnificent edifice of granite and flanked by the beautiful gothic struc- ture, the Binga Arcade, was closed because of "frozen assets," according to information obtained from the state auditor's office in the Loop.

The Franklin bank, the Industrial State and the Lincoln State banks thus far have been able to withstand the storm of excited people who have made withdrawals since the closing of the Binga bank. These institu- tions are white, although a number of our group are interested and hold stock in the Lincoln State.

The Douglass National bank An- thony Overton president, a member of the federal reserve system, has also been able to keep its doors open. Fortified with a shipment of $300,000 from downtown banks, the Douglass National was able to withstand the run Friday and Saturday. Monday more cash was obtained, and on Tuesday the situation became more calm, numbers of those who with- drew on Friday, Saturday and Mon- day returning to redeposit.

The Bankers State bank closed Sat- urday morning. The state auditor placed a sign on the door similar to the one placed on the Binga State bank two days previously. It read: "Closed for Examination and Adjust- ment."

An attempt by The Chicago De fender reporters to get in touch with President Flowers of the Bankers State bank failed, and the rumor was that Mr. Flowers is at present "some- where in Florida."

Inquiries at the Binga State bank on the day of the closing brought only the answer, "We have no state- ment to give out."

At the Citizens State bank Tues- day it was learned from officials that the bank was unable to withstand the heavy withdrawals.

The closing of the Binga institu- tion, which caused the panic-stricken depositors in other banks to start a heavy run which only a few could survive, was brought about by strange circumstances.

About a year ago several directors of the bank resigned because of the policies pursued by certain officials, which, according to those directors, would bring about some embarrasing situations.

It is reported that the bank in- vested too heavily in real estate, which, following the post-war period, had taken a decline as far as rental and revenues were concerned.

Last January when the bank ex- aminers visited the institution they were not satisfied with the methods in which loans were made. The loan committee, authorized by law, is said to have been ignored by Jesse Binga, who is president of the bank. The state examiners insisted on the bank living up to the letter of the law.

Asked to Clean Up Paper

A loan committee was appointed, consisting of Thomas R. Webb, for- mer comptroller of the Pullman Por- ters Benevolent association, as chair- man; Col. Spencer R. Dickerson, physician and commander of the Eighth Illinois infantry regiment of national guardsmen; Col. John R. Marshall, vice president of the bank and parole officer of the state of Illinois, also former commander of the Eighth Illinois; Rev. C. H. Clark of Ebenezer Baptist church, and Dr A. Wilberforce Williams, physician

This committee, according to those close to the inner workings of the bank, upon investigation, is said to have discovered the existence of $267,000 worth of loans.

This discovery brought in the bank examiners again and in July the com- mittee is said to have reported the sum much larger than at first stated

Since the month of May the state bank examiners have demanded that this paper be cleared up.

At that time it was rumored fol- lowing a futile attempt to start an- other national bank in the city at 47th and South Pkwy. that an at- tempt was made to consolidate the Binga State, the Douglass National and the Lincoln State banks. What- ever move was made it also fell through.

President Overton of the Douglass National was willing to throw his aid to Mr. Binga, but not in the fash- ion that Mr. Binga insisted. The Lincoln State bank officials are said to have declined to go into the deal because they felt the paper held by the Binga State bank wasn't as good a security as the Lincoln State bank officials demanded.

It was then that Mr. Binga is said to have sought the aid of Samuel Insull (white), traction magnate and a power in Chicago and the Middle West. Mr. Insull wrote a check for $200,000 and sent it to the bank, bu the state examiners demanded tha the full amount totaling $430,000 be put up. The time given was so shor that the directors were unable t commandeer the balance. The closing followed Thursday.

Last Thursday night the director held a meeting, but none would talk to the newspaper men.

However, there are those who be- lieve the Binga State bank will re- open and that not a penny will be lost to the depositors. This move can not be brought about until the bank examiners have had time to go over the assets and liabilities.

When a reorganization is effected it is safe to say that Mr. Binga will not be the president, according to those supposed to be on the inside. Again it is rumored that instead of being run entirely by our group the bank will reopen with both races as stockholders and run on the Dunbar National bank in New York city.

The Binga State bank was organ- ized in 1908 as a private institution, caused by unemployment and heavier withdrawals of sums of $28,000 and other large sums the wa the embarrassing posi was placed in.

BINGA STATE BANK CLOSED

(Special to the AFRO-AMERICAN)

CHICAGO.—Because of a shortage of cash caused by frozen assets, the Binga State Bank, with deposits of $1,- 200,000 voluntarily asked the State Auditor to take over its affairs at b o'clock Thursday.

The financial institution, which was one of the biggest in the country,

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Other Banks Stand Firm

The Binga Bank closing started inquiry all over the country as to the stability of our Negro banks. From Philadelphia comes the report that all is well with Dr. R. R. Wright and his institution. Dr. Wright says: "We are sharing the depression of the country, but we are standing firm." This news from Philadelphia lends confidence everywhere.

From Durham, our Negro Wall Street, comes the word that "We are meeting every demand without difficulty, notwithstanding the country's condition." Spaulding and his associates are ready to help out in Chicago, if and when called upon. This spirit of co-operation is what we need in every town, city and county to have. The Durhamites know how.

From Louisville comes the announcement that the two banks there have passed a resolution to consolidate, or merge. The resolution will soon be submitted to the stockholders for approval. When this is accomplished we can look to Louisville for additional financial strength. We need have no fears at Louisville.

The Chicago situation became temporarily worse when a white bank in the South Side was closed by the state examiners two days after the Binga State Bank closed. For the moment this threw Chicago into what may be termed a temporary panic. The white bank is still closed as we go to press, but the last report received indicated that it expects to reopen.

When we remember the number of white banks, some of them national banks, closing all over the South, we may feel flattered that our own banks are able to weather the Hoover depression now felt all over the United States.

started as a private institution and became a state bank several years ago. In April of last year the U.S. Treasury Department granted Binga a charter to do business as a national bank. Associated with him in the National bank interprise, which was to function separate from the state institution, were Dr. U. G. Dailey, Charles S. Jackson, the Rev. Harold M. Kingsley, Dr. Carl G. Roberts, and T. C. Windham.

The new institution is operated at 4636 S. Parkway while the state bank is located at 35th and State.

The Binga State Bank was the first to be operated west of the Alleghany Mountains. Binga was born in Detroit in 1865.

The directors were Robert S. Abbott, Dr. U. G. Dailey, Congressman Oscar DePriest, John R. Marshall, W. A. Robinson, C. H. Clark, A. W. Williams and C. N. Langston.

South Side Hit Hard When Institutions Shut Doors

Three state banks closed their doors in Chicago within one week. All three banks were the depositories of thousands of South side business men, workers and housewives.

The closing of the Binga State bank at 35th and State Sts. last Thursady at 1:37 by State Bank Auditor Oscar Nelson threw the South side into a turmoil.

A wild rush of people holding bank books on the Franklin, Douglass National, the Bankers State (recently consolidated with the Roosevelt State of 35th and South Pkwy.) and the Citizens State, and heavy withdrawals caused the closing of the Bankers State bank (white) at 37th and South Pkwy, early Saturday morning. On Tuesday the Citizens State (white) at 55th and State Sts. closed following the withdrawal of $500,000 between Friday morning and Monday evening.

"Frozen Assets" Close Binga's

The Binga State bank, pride of the racial group in Chicago, housed in a magnificent edifice of granite and flanked by the beautiful gothic structure, the Binga Arcade, was closed because of "frozen assets," according to information obtained from the state auditor's office in the Loop.

The Franklin bank, the Industrial State and the Lincoln State banks thus far have been able to withstand the storm of excited people who have made withdrawals since the closing of the Binga bank. These institutions are white, although a number of our group are interested and hold stock in the Lincoln State.

The Douglass National bank Anthony Overton president, a member of the federal reserve system, has also been able to keep its doors open. Fortified with a shipment of $300,000 from downtown banks, the Douglass National was able to withstand the run Friday and Saturday. Monday more cash was obtained, and on Tuesday the situation became more calm, numbers of those who withdrew on Friday, Saturday and Monday returning to redeposit.

The Bankers State bank closed Saturday morning. The state auditor placed a sign on the door similar to the one placed on the Binga State bank two days previously. It read: "Closed for Examination and Adjustment."

An attempt by The Chicago Defender reporters to get in touch with President Flowers of the Bankers State bank failed, and the rumor was that Mr. Flowers is at present "somewhere in Florida."

Inquiries at the Binga State bank on the day of the closing brought only the answer, "We have no statement to give out."

At the Citizens State bank Tuesday it was learned from officials that the bank was unable to withstand the heavy withdrawals.

The closing of the Binga institution, which caused the panic-stricken depositors in other banks to start a heavy run which only a few could survive, was brought about by strange circumstances.

About a year ago several directors of the bank resigned because of the policies pursued by certain officials, which, according to those directors, would bring about some embarrasing situations.

It is reported that the bank invested too heavily in real estate, which, following the post-war period, had taken a decline as far as rental and revenues were concerned.

Last January when the bank examiners visited the institution they were not satisfied with the methods in which loans were made. The loan committee, authorized by law, is said to have been ignored by Jesse Binga, who is president of the bank. The state examiners insisted on the bank living up to the letter of the law.

Asked to Clean Up Paper

A loan committee was appointed, consisting of Thomas R. Webb, former comptroller of the Pullman Porters Benevolent association, as chairman; Col. Spencer R. Dickerson, physician and commander of the Eighth Illinois infantry regiment of national guardsmen; Col. John R. Marshall, vice president of the bank and parole officer of the state of Illinois, also former commander of the Eighth Illinois; Rev. C. H. Clark of Ebenezer Baptist church, and Dr. A. Wilberforce Williams, physician.

This committee, according to those close to the inner workings of the bank, upon investigation, is said to have discovered the existence of $267,000 worth of loans.

This discovery brought in the bank examiners again and in July the committee is said to have reported the sum much larger than at first stated.

Since the month of May the state bank examiners have demanded that this paper be cleared up.

At that time it was rumored following a futile attempt to start another national bank in the city at 47th and South Pkwy. that an attempt was made to consolidate the Binga State, the Douglass National and the Lincoln State banks. Whatever move was made it also fell through.

President Overton of the Douglass National was willing to throw his aid to Mr. Binga, but not in the fashion that Mr. Binga insisted. The Lincoln State bank officials are said to have declined to go into the deal because they felt the paper held by the Binga State bank wasn't as good a security as the Lincoln State bank officials demanded.

It was then that Mr. Binga is said to have sought the aid of Samuel Insull (white), traction magnate and a power in Chicago and the Middle West. Mr. Insull wrote a check for $200,000 and sent it to the bank, but the state examiners demanded that the full amount totaling $430,000 be put up. The time given was so short that the directors were unable to commandeer the balance. The closing followed Thursday.

Last Thursday night the directors held a meeting, but none would talk to the newspaper men.

However, there are those who believe the Binga State bank will reopen and that not a penny will be lost to the depositors. This move can not be brought about until the bank examiners have had time to go over the assets and liabilities. This is effected by a reorganization of the Binga State bank was organized as a private institution in 1908 as a private institution with capital of $12,000 and surplus of $45,000 and deposits of $1,200,000. Due to the heavy withdrawals caused by unemployment and heavier withdrawals of sums of $28,000 and other large sums the way was paved for the embarrassing position in which the bank was placed in.

BINGA STATE BANK CLOSED

(Special to the AFRO-AMERICAN)

CHICAGO.—Because of a shortage of cash caused by frozen assets, the Binga State Bank, with deposits of $1,200,000 voluntarily asked the State Auditor to take over its affairs at 9 o'clock Thursday. The financial institution, which was one of the biggest in the country,

Banks - 1930

Illinois

$2,590,000 DEPOSITS INVOLVED IN BINGA, BANKERS FAILURES

Amsterdam News

8-6-30

New York, N.Y.

Financial Institution Founded by Jesse Binga Reported in Difficulties for Some Time—Second Closing Aftermath of First

(Associated Negro Press.)

CHICAGO, Aug. 4.—The Binga State Bank, with deposits of $1,200,000, and one of the largest Negro-owned financial institutions in the country, closed its doors Thursday afternoon by order of State Auditor Oscar Nelson, and was followed the next day by a similar order closing the Bankers State Bank, credited with $1,390,000 in deposits. The president of the Bankers' is white.

The closing of the Bankers' State Bank was provoked by a money shortage, due to the unfavorable reaction to the closing of the Binga bank, of which Jesse Binga is founder and president. "Frozen assets" were given as the reason for the immediate closing of the Binga bank which has been reported in difficulties since the first of the year.

The Bankers' State Bank, with Alexander Flowers, white, as president, had deposits of $1,390,000, a capital of $200,000, and a surplus of $50,000. It is in the heart of the most thriving business section of the district at Forty-seventh and South Parkway. All day long and far into the night long queues of worried-looking depositors kept a sort of hopeful vigil before the closed doors and exchanged their sad stories.

Situation Tense.

Monday morning, four days in the wake of the closing of the Binga State Bank, a condition best defined as panicky was observed and felt in South Side among business men and wage-earners.

Mild Runs on Other Banks.

Every bank in the district has been affected. Mild "runs" have been experienced at the Lincoln State Bank and the Franklin Trust and Savings Bank. Heavier runs are reported to have occurred at the Industrial State Savings Bank, the Citizens' Trust and Savings Bank and the Douglass National Bank.

Fear was also felt for the Douglass National Bank, but its officers reported Friday that withdrawals that morning had not been alarming, and that they closed business Thursday afternoon with $107,000 cash and on Friday morning secured $200,000 in currency from the Federal Reserve Bank to meet any emergency. The Douglass National, only Negro-owned bank in the country in 1928, had a paid in capital of $250,000, a surplus of $60,000 and deposits of $2,000,000.

The officials at the Douglass Bank, of which Anthony Overton is president, insist that they nor their depositors have had any cause for alarm. The claim is made that new accounts have increased two hundred per cent; that withdraws are not undue or beyond the power of the bank to take care of.

A reporter for the Associated Negro Press, who was not permitted to remain around long because of the crowded condition of the bank, observed that a home-made sign had been pasted over one of the stand-up desks used by the bank's customers reminding them that they were doing business with a "national" bank, ostensibly a move to hold the confidence of the people. It was also noticed that withdrawals were being handled by both the paying and the receiving tellers.

Confidence is expressed that the condition as affecting all the banks will soon be corrected.

"Examination and Adjustment."

"Closed for examination and adjustment," read the notice posted Thursday afternoon on one of the doors leading into the Binga bank by a white attache from the Auditor's office.

The action was quietly and methodically taken, but it produced an electrical effect. Curiosity led the first stragglers, always found at Thirty-fifth and State streets, to see what this thing was that was being pasted up. But curiosity was soon turned into surprise, then dismay. The news was quickly circulated, and all day long a steady stream of stunned persons, stockholders, and depositors peered into the closed portals of little Doric temple of finance.

But most important among the thoughts dominating the crowds which congregated in front of the institution Thursday afternoon seemed to be the effect which its closing was going to have on other business enterprises whose money was kept there, or the other Negro banks.

Underlying Causes of Failure.

What was the cause of the failure? "Frozen assets"; that is, money lent out or invested upon which nothing can be immediately realized. A contributing cause was the current financial depression which seriously disturbed real estate values.

Fear was first felt for the Binga Bank more than a year ago when some of the directors of the institution complained about some of the policies pursued which they felt would ultimately embarrass the institution. At that time some of these directors resigned. Others were selected to fill their places. These directors who resigned complained that Binga, the president and founder, was a personal detriment to the bank. They made the charge that he sought to make a one-man institution out of it and that in the promotion of his policies he was domineering and arrogant.

Was Binga Overrated?

Contrary to public belief, they said, Binga was not a rich man, and did not control a majority of stock in the bank. He did, however, have some of the directors obligated to him, and when he wanted to have his way was always successful in whipping these men into line, or keeping them quiet.

Regarding his personal wealth, it is said that he has an uncertain equity in real estate valued at between $300,000 and $400,000, but doubt was expressed that he could assemble $50,000 in cash in any way.

Binga was reported two weeks ago to have visited three times, offered aid, it is claimed, but not in a manner to Mr. Binga's liking. Thereupon, he visited and sought help from Samuel Insull, white, the utility magnate.

Insull agreed to come to the rescue of the institution on the terms proposed by Binga, who had claimed that $200,000 would put the bank on its feet. A check for that amount was sent to the bank by Insull, but the representatives from the State Auditor's office ignored it and demanded that $430,000 be put up. The time given is said to have been two hours. Various directors offered large sums, not sufficient to make up the additional $230,000 required. Therefore, the bank was closed.

$430,000 Needed.

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It can be stated on reliable authority that Mr. Binga will be forced out of the bank's activities.

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Unable to Sell Mortgages.

One official of the Binga Bank has let it be known that the unwillingness of white people to handle mortgages on property occupied by Negroes was a contributing cause of that bank's difficulties. This official asserts that he culled out $200,000 worth of the best mortgages held by the Binga Bank on so-called "colored" property and sought to have one of the large banks in the loop, which had at other times helped the Binga Bank, dispose of them.

The lop bank, however, declined, with regrets, and made the claim that they were unable to get rid of mortgages on South Side property among white purchasers. These mortgages were on choice parcels of real estate on Michigan boulevard and South parkway.

The Binga Bank is reported to have close to $800,000 in mortgages on Negro-owned property.

Reorganization Program.

Charles S. Jackson, undertaker and heavy stockholder in the bank, is spoken of frequently as one of the leaders in the reorganization program. Saturday morning, according to information obtained by the Associated Negro Press Mr. Binga signed over ital stock, valued at about $100 per share.

Unofficially, the president is said to have invested too heavily in real estate. Some years ago he had made money in this way, but had not been quick enough to see that conditions were changing and that investments good ten years ago soon became bad risks. As a result, he is alleged to have found himself pressed.

Bank Examiners Displeased.

Last January the bank examiners investigated the institution and found that it was carrying paper that was not easily negotiated. They expressed dissatisfaction and upon going further discovered that Binga was in practically complete control of the loans of the bank. The loan committee, authorized by law and required by law to pass upon loans, is said to have been ignored by Binga. Thereupon, the state required the appointment of a loan committee which would function according to law.

The committee appointed by the board of directors consisted of Thomas R. Webb, former comptroller for the Pullman Porters' Benevolent Association, once close to Binga, but finally compelled to break away from him, as chairman; Col. Spencer C. Dickerson, Col. John R. Marshall, a vice-president; the Rev. C. H. Clark, and Dr. A. Wilberforce Williams.

This committee investigated and is reported to have discovered the existence of $267,612 worth of loans to Binga himself or ventures in which he was interested. Many of these loans are alleged to have been of the dummy variety, made ostensibly to employees or others, at the behest of Binga, without security.

It is said that whenever a question was raised by directors regarding these unsecured "dummy" loans, Mr. Binga would affect dismay that anyone should question a loan which he recommended. One of these loans supposed to have been made to an employee but which really is said to have gone to Mr. Binga, amounted to $267,612, on which no interest is said to have been paid.

Questionable Loans.

This discovery by the loan committee brought in the examiners again, and in July they are said to have reported that the amount was $379,000, rather than the smaller figure. Since May, it is said, the examiners have demanded that this paper in the bank be cleared up.

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"Let us get rid of 'black belts,' and this is too much to hope for. But this is a general increase in the materialistic age. Be sure and keep your money in the bank for 10 years: they set people apart from their compatriots—must be carried on; the "principle of the communities will see a general prosperity of the community to real progress, make them feel a difference which can be rescued, and in the rescuing then come out and buy property, not does not exist, takes from them a ties in which we live. Let us con- be rescued, and in the rescuing then come out and buy property, not sense of security which citizens ought tinue to support them, and we shall hatch out some new Grand Lodin black belts, but in the community to fell at home and marks them as see a breakdown—not only of all our ith all these examples of our in- legitimate prey for mobs and other banking institutions, but of all our tion in fraternal organizations, th antisocial agencies which thrive so, businesses and industrial ventures; unction in this country. plentiful in The first is the cure; the latter is a wonder that we cannot co-operate

his equities in several hundred thousand dollars' worth of property to a group of unnamed trustees.

It is now understood that, although Mr. Binga obtained a promise of a loan of $200,000 from Insull interests the day before the closing of the bank, this money was not made available because of the reported rift between Mr. Binga and a majority of the directors of the bank.

Today the bank examiners were said to have been demanding that Mr. Binga's paper, held by the bank, be cleared up.

The probabilities are that it will require no longer than two weeks for a report to be made upon the results of the examination of the Binga Bank.

STATE OKEYS BINGA BANK PLAN

Institution Only One of Seven Closed Banks To "Come Back"

CHICAGO, (ANP)—While banks continue to be closed in the city at the regular rate of one every other two days, two of the banks in the colored district which have been closed, were placed in the hands of a receiver Saturday by Chief Examiner Edgerton.

The banks so affected were both what is called white institutions. They were the Roosevelt Bankers and the Citizens Trust and Savings bank. The Chicago Trust company was appointed receiver for both houses.

At the same time, the examiner issued a statement on the condition of these banks, indicating that his office was finding the reorganization plans for the Binga bank acceptable and that the chances for reopening it were favorable.

The directors of the Binga bank issued a statement their first, Monday, in which they said:

"The Binga State bank is to reopen. Until the auditor of public accounts completes his examination, we are unable to make an announcement of the exact date, but we have presented our reorganization plan and have been advised that it is acceptable.

"We ask for the continued patience and helpful cooperation of the depositors and the community whose interests the bank is designed to serve. Only by reopening and resuming business can we save our depositors and stockholders from loss. We f certain we shall be able to acc plish this. Prospects point stronger, more useful institution than ever before. The new heads will be men in whose ability and character the entire community has implicit confidence."

It is interesting to note that the Binga bank is the only bank controlled by Negroes among the seven which have been closed in different parts of the city. It is the only one, too, which has been able to make a comeback effort.

No Cause For Discouragement

THE closing of a Negro owned bank in Chicago last week was the occasion for much broadcasting and big head-lining in a section of the race press. The suspension of the bank was caused principally by deflation in realty values on which it held mortgages and depressed economic conditions which made repayment of these loans slow and uncertain. Plans are in progress for the reorganization and reopening of the bank.

The closing of a Negro bank is conspicuous and according to some of the newspapers sensational because there are so few Negro banks. About the same time the Chicago bank closed, carrying down with it two neighbor white banks, *all of the white banks* in Newbern, N. C. closed their doors because of heavy withdrawals. Even though this unique occurrence left that city entirely without banking facilities and was in itself a precedent in American business affairs, it did not make a sensational piece of news for the white press. Outside of Newbern it was not sensational. Nobody in Newbern committed suicide. The banks, or others to take their places, will reopen and business will proceed normally.

Because the Chicago bank met with reverses is no cause for discouragement in Negro business circles in Chicago or elsewhere. Those interested directly will profit by the experience—in fact all Negroes will profit—and more carefully financed and managed banks will rise in Chicago and elsewhere.

According to current reports the Negro business structure appears to be in pretty good shape, despite the world-wide economic depression and tremendous unemployment conditions now prevailing. The North Carolina Mutual Life Insurance Company has just reported a marked increase in premium collections during the first six months of 1930; the Bankers' Fire Insurance Company has just paid stockholders its second dividend for the year; National Benefit Life Insurance Company has just paid a substantial annual dividend—sending out "six pounds and a half of checks"; Metropolitan Bank and Trust Company of Norfolk paid its semi-annual dividend July 1st; Southern Aid Society of Virginia recently acquired a magnificent property in Richmond and is having plans made for a new home office building; the Prudential Bank in Washington has made an extraordinary increase in deposits, exceeding by far relatively the increase experienced by any Washington white bank. And the most extraordinary of all things and one that should give inspiration and encouragement is that right in Chicago, in the neighborhood of the closed Binga Bank, the Douglas National Negro bank stood up like Gibralter while two white banks in the neighborhood had to suspend.

So there are no reasons why any one should lose faith in Negro banks or in Negro business, nor feel pessimistic about the future of our business structure. There have been some failures, due to natural economic laws and other things—the same things that have caused innumerable failures among the more advantaged white group—but in almost every case there are rising on the ruins of these failures, not so many, but more soundly managed and financed business structures.

Segregated District Real Estate Classed as Frozen Assets

A well-known Chicago bank, operating under state supervision, was closed a few weeks ago. Immediately two other banks in the same vicinity were closed. These three banks happened to be in what is generally known as the "Black Belt" of Chicago, and the chief cause of their closing was given as "frozen assets."

To the average reader, "frozen assets" has no special significance, but to the student of economics and to the business man the term is eloquent. It means simply that the bank has made loans on real estate and can find no market for the paper. In other words, the mortgages which the bank holds prove to be worthless at the time when they should be paid.

As an example: A bank loans $2,000 to a man on a six-flat building. The note is to run for three years. At the expiration of that period, the owner of the building can't pay. The bank, suddenly finding itself pushed for cash, attempts to sell the mortgage to larger banks. This mortgage joins the class of "frozen assets" when banking instiutions refuse to buy it. The first bank must then get into the real estate business hurriedly in an effort to regain the $2,000 loaned, or run the risk of carrying notes which cannot be marketed.

The example is not scientific in all its details, but is accurate enough to show what can and does happen in times like these—where real estate values have dropped—where money is scarce due to lack of employment and general business stagnation—and where racial prejudice plays a part in the business.

It is at this point that "black belts" take a hand in bank failures. In Chicago, for instance, it is generally known that property, no matter how valuable from a point of improvements and upkeep, has no loan value in the Loop and adjacent financial centers. Big banking interests, after scrutinizing the location of the property, at once refuse to make loans upon it.

They do not hesitate to ask where the property is located. One firm, operating on a large scale in the Loop, sent out post cards upon which were printed the words, "No Nigger Loans." They go to great lengths to create these "black belts" because they can juggle property values as they please in turning the real estate over to dark purchasers, and immediately shut down all loans on that piece of land.

It is a well-defined and well-organized system. Not one, but dozens of banking institutions will declare openly that they will handle no paper on "Negro" property. Yet they will sell this property to black buyers, usually on contract. The notes are large and the time limit on the mortgages are usually so short that the new purchaser has to start out at once to refinance his property. Here he finds the large banks and loan associations closed to him. Neighborhood banks come to his rescue, knowing that they are taking great risks, but with the view toward being of service to the community in which they are located.

Such a condition as this is possible only in America. It is only this country that establishes black belts and then sets about to destroy the economic life of its inhabitants by making them helpless in the matter of property adjustments. So pronounced is this evil in America that a man with a six-apartment building worth $35,000 finds himself unable to get as much as $7,000, one-fifth of the value of the pproperty, because those who have the money refuse to make loans on property where this piece is located. It is in a "black belt."

White America is like that. First, it herds men and women into a district separate and apart from the rest of the city. It then withdraws its support from that district—sanitary supervision stops, the streets become run down, street lights are indifferent, sewage is maintained carelessly without regard to the health of those in the community. The white landlords who retain property in these "black belts" allow their property to become hovels. They refuse to repair the buildings, leave them unpainted, immediately cease their efforts to make presentable lawns and otherwise add to the disreputable appearance of the neighborhood.

In Europe and South America "frozen assets" are never heard of, because the pride those people take in their country keeps them from segregating their fellow man along racial lines.

In Amsterdam, where Jews were once huddled into separate quarters, the practice was wiped out because of the uneven values such a system gave to property. Today Europe, South America and other countries far removed from the influences of American prejudices place their emphasis upon the general prosperity and welfare of their citizens as a whole.

They realize in those countries that a city can have no wholesome prosperity as long as one group lives in squalor and shut off from proper financial intercourse with the rest of the town.

But this lesson has not yet come to America. It prefers to cripple one group by imposing artificial lines upon them—forcing them to set up standards within standards which do not conform to the struggle for progress—and wonder why the cities as a whole do not advance any faster than they do. They choose to segregate a disease within their midst, and console themselves with the false notion that this disease cannot get out to affect them.

No wonder, with conditions such as these, there are banks, although properly managed and operated according to all the rules of the business, closing their doors. Obviously they cannot function as banks when they can find no market for the things which banks market—mortgages and notes. If the people have no jobs, consequently no money, and their property is valueless as collateral, they are property-poor—they are just paupers in the land of plenty.

And for these reasons black belts should be abolished. People who own property in "black belts" should watch for the opportunity to sell it. After selling it, they should invest their money in savings account books. It is better to have $100,000 idle in the bank than $35,000 in a building that has no loan value. "Black belts" are the roots of evil—they can be abolished only by people refusing to buy segregated property and by refusing to occupy segregated districts.

It is far better to hold their money in the bank—10, 15 years if necessary, but hold it there—than to go around buying houses and land in a neighborhood whose very outward aspect keeps it from having a definite value.

"Black belts" have never added to the prosperity of a city. On the other hand, they have acted as deter-

Banks – 1930

Illinois.

DEPOSITORS IN BINGA BANK APPROVE PLANS FOR REORGANIZATION

More than two thousand depositors in the Binga state bank, which was ordered closed for an audit and adjustment by the State Auditor four weeks ago, met with the directors and officers of the bank Sunday afternoon at the Eberneezer Baptist church, 45th and Vincennes avenue, to hear the first public explanation of the plans for reorganization and reopening of the bank which a committee of the chief stockholders and directors have been working on for three weeks. Invitations to attend the meeting were sent out to a large number of the depositors, and the church auditorium was packed to the walls. The meeting was called to order by C. N. Langston, vice president of the bank, who introduced the other speakers. Charles S. Jackson, prominent undertaker and business man, and one of the leaders in the movement to reopen the bank, spoke briefly upon the work which the committee had done, and the need for confidence and co-operation from the depositors.

Jackson was followed by Dr. A. Wilberforce Williams, who explained to the audience how the plan of reorganization had been worked out so that the bank might be reopened without a loss to the depositors. He told of how the State Auditor had heartily endorsed every clause of the plan, and had promised his co-operation in the reopening. Dr. Williams introduced Atty. James B. Cashin who explained the details of the plan of reorganization to the depositors.

Plan Explained

Atty. Cashin explained that the directors in working out the plan of reorganization had had uppermost in their minds the need of distributiong the burden of financing the 'frozen assets' of the bank so that depositors, stockholders, and directors will all share proportionately. These assets must be bought up, to increase the cash deposits of the bank to the amount required by the state banking law. The funds for the purchase of these 'slow assets' will come from three sources, the furnishing of an amount of money equal to the amount of their stock by the stock holders, a sum of $100,000 which the directors have agreed to raise, and a levee of forty per cent (40%) upon the accounts which all depositors have in the bank. This latter will be arranged through the establishment of a trusteeship of forty per cent of all accounts on deposit, which will be administered by Charles S. Jackson, C. N. Langston, and Thomas R. Webb, to be known as reorganization executives. Depositors are required to sign a waiver acknowledging these reorganization executives as their legal agents, empowered to draw upon their accounts to forty per cent with which to convert the slow assets of the bank into cash, to constitute the surplus of the new bank organization.

Following Atty. Cashin's explanation of the proposed plan, which the directors had worked out and which the state auditor had accepted, Congressman Oscar DePriest made a stirring address in which he called upon the depositors to lend their support to the directors and stockholders in restoring one of the outstanding business institutions of the race. Mr. DePriest's address was punctuated with storms of applause, and after he had finished, he called upon persons in the audience to express their reactions to the proposed plan. Major R. Lynch was one of the first to respond. Major Lynch declared that the plan proposed by the directors offered a splendid opportunity for the colored people to rally to the support of their own institution, and restore it to solvency through their own organized efforts without the need of calling upon outside assistance. Atty. Wendell E. Green also responded from the floor in similar encouraging vein.

Depositors Approve

Mr. DePriest then called for dissenting opinion, and not a single person responded. He called for a rising vote of confidence in the directors, and approval of the plan, and the audience rose to a man. Ushers then distributed among the depositors printed forms acknowledging the reorganization executives as the attorneys for the depositors and empowering them to draw upon deposited accounts up to 40% to liquidate the slow assets of the bank to enable the directors to complete the reorganization and reopen the bank. More than one thousand of these forms were signed and returned before the meeting adjourned, and through the mail on Tuesday several hundred more were received. The consent of a majority of the 7,600 depositors with accounts in the bank will be required before the plans for reopening the bank can be perfected. For this purpose, an office has been opened in room 209 in the Binga Arcade building, where depositors who were not present at the meeting may call to have the plans explained and sign their waivers.

From the evidences of the meeting, the opinion of the directors, and the general sentiments expressed by the depositors, there is every indication that the wholehearted approval and co-operation of the depositor will be given, and the plans for reorganization will get under way at once. It is reported from a reliable source that the bank will be reopened under new management within two or three weeks, and the depositors in the bank shall have worked out their own salvation through co-operation, confidence, and financial support.

DEPOSITORS OF BINGA BANK THREE FOURTHS SIGNED UP; OPEN SOON

Chicago Whip 9/27/30

An announcement from the headquarters of the committee working for the reopening of the Binga State bank indicates that about thre fourths of the depositors have signed the blanks endorsing the plan outlined for the liquidation of the frozen assets some time ago. This is a marked increase over last week when it was announced that only two thirds of the depositors had signed up. The south siders, rendered cautious by the sudden crash of this and other banks are rapidly losing their skepticism and are becoming more and more convinced that this is the best plan yet presented for a speedy reopening of the institution with no ultimate loss to anybody.

Chicago, Ill.

Under the plan as outlined, the depositor empowers the reorganized board of directors of the bank to use 40 per cent of his bank balance to liquidate the frozen assets that caused the closing of the institution. In this way, officials say, some $350,000 will be raised. From the stockholders and other sources will come enough in addition to this amount to make up the entire deficit and leave a comfortable surplus for any future crisis. The 40 per cent furnished by the depositors will be returned in six months after the reopening, which is expected to occur about Oct. 1.

NEW YORK WORLD

AUG 31 1930

Bank Failures Hit Chicago Negroes

Only Institutiion Run by Race Survives Short Run

By Lester A. Walton

AFTER the College, What? was the general subject for consideration at the thirty-first annual session of the National Negro Business League, held in Detroit. While not on the program for discussion, another theme to command more than casual interest was the recent closing of three South Side Chicago banks whose depositors were in the main Negroes.

Dr. R. R. Moton, the league's president, commented on the probability of a reorganization and reopening of the Binga State Bank in the near future, while Anthony Overton, a member of the executive committee, was showered with praise for having successfully piloted the Douglas National Bank, of which he is president, through the stormy financial seas.

Nine banks on the South Side were more or less affected by a series of runs, precipitated by the closing of the Binga State bank, one of the country's strongest Negro financial institutions. The Roosevelt Bankers State, white, with 99 per cent of its depositors colored, and the Citizens State Bank, white, with 75 per cent of its depositors colored, also had to suspend.

The Lincoln State Bank, under white management, with colored representation on the board of directors and 95 per cent of the depositors colored; the Industrial State Bank and the South Side Trust & Savings Bank, both under white control, catering largely to colored depositors, invoked a policy prohibiting withdrawals within thirty or sixty days and did not close.

Sight of Money Quieted Crowd

The Douglas National Bank, Negro-owned and operated; the Franklin Trust & Savings Bank and the Drexel State Bank, the latter two institutions under white direction with colored depositors in the majority, came out with flying colors, having weathered the crisis and heightened the confidence of the public in their stability.

The day following the collapse of the Binga State Bank the Douglas National Bank suffered a $30,000 net decrease in deposits. On the second day the tide changed for the better, the books showing a gain of between 200 and 250 new depositors. Many Negroes opened accounts with the Overton institution by drawing sight drafts on other banks.

During the wave of hysteria when excited men and women beseiged the various banks to withdraw their funds, the fact that the run on the Douglas National Bank lasted but one day is attributed to two major reasons. One was that thousands were lulled into a sense of security by the magic terms—"National Bank" and "Federal Reserve." "This is a national bank" was conspicuously displayed on signs.

The other influencing factor was the spectacle of an armored truck from the Federal Reserve driving up in front of the Douglas National Bank at 10.30 on the morning after the Binga State Bank closing, when $200,000 in bills of various denominations were taken inside guarded by eight men with drawn revolvers. With a view to meeting every emergency, Mr. Overton had converted Federal Reserve certificates into cash.

Most favorably impressed by the sight of the Federal Reserve fortifying the Douglas National Bank with many thousands of dollars, scores of depositors got out of line and returned home. Their fears over the loss of their hard-earned savings had been dissipated.

Small depositors are said to have occasioned the most hullabaloo. A man all in a frenzy almost broke down a revolving door in his mad rush to get inside and get his money. Examination of his pass book showed that he was creating consternation about a two-dollar balance.

One victim unconsciously injected a touch of humor when he reached his bank just as representatives of the State Banking Department were putting up the announcement that all business had been suspended. "I have heard of many banks busting, but I never had one to bust right in my face," he tragically exclaimed.

Group Organizes Store Chain

The consensus is that the affairs of the Binga State Bank will be straightened out to the satisfaction of the banking department and another bid will be made for public support. Half a million dollars is needed to liquidate the frozen assets. A reorganization committee, composed of Dr. Wilberforce Williams, C. N. Langston, Dr. U. G. Dailey, John Marshall and Thomas Webb, hopes to raise the desired amount.

The Douglas National Bank is the

Binga State Bank's junior, having been organized eight years ago. It has a capital of $250,000, a surplus of approximately $50,000 and is the only national bank owned and operated by Negroes. The Dunbar National Bank in Harlem is an interracial project sponsored by John D. Rockefeller jr. Its president, vice president and cashier are white. Two of its directors, all the tellers and clerks, the assistant cashier and assistant vice president are colored.

The annual address of Dr. Moton and the report of Secretary A. L. Holsey were among the features of the Business League meeting. Organization of Colored Merchant Association Stores in New York and other cities, under the direction of Mr. Holsey, constituted the organization's chief activity during the year.

"From what Mr. Holsey tells us, the largest hope in this direction as things stand today is in the field of merchandise," said Dr. Moton. "The Negro population of America represents a definite volume of consumption. The progress of buying goes on every day. There are no economic or social laws to prevent a considerable proportion of this business from being handled by our own race. It all depends upon our capacity for initiative, organization and sustained effort. As matters stand today, the Negro's greatest economic leverage is his own buying power."

Banks - 1930

Kentucky.

FAILURE OF WHITE BANKS HITS TWO LOUISVILLE NEGRO BANKS

Journal & Guide

LOUISVILLE, Ky—(ANP)—The First Standard Savings Bank and the American Mutual Savings Bank, the two Negro financial institutions of this city, failed to open their doors Monday morning of last week. Engulfed in the financial storm which caused three of Louisville's largest banks to suspend business and made the entire financial situation in the community panicky, the two Negro banks closed voluntarily. They thus halted what appeared certain to be a run. The two Negro banks cleared through two of the white institutions. 11-29-30

J. O. Blanton is president of the American Mutual, and Joseph R. Ray is head of the First Standard. Both executives report that their banks are in excellent condition and said that they had been actively engaged in plans to pay their Christmas Savings funds.

For some time plans have been on foot to consolidate the two banks. Both presidents insist that their closing was merely for the purpose of conserving their funds and that they will reopen, probably as a merged institution.

Fundamentally the difficulty with the Louisville banks is directly traceable to the failure of Caldwell and Company, a brokerage house of Nashville, Tenn., which closing last week carried several large Tennessee banks with it. The Caldwells were closely associated with James B. Brown, dictator of Churchill Downs, president of the National Bank of Kentucky and The Louisville Trust, the largest bank in Louisville, with a capital of $5,000,000 and resources of $50,000,000. Rumors led to a run on Louisville Trust and the debacle followed.

The two Negro banks had capital and resources advertised at nearly $1,000,000.

TWO BANKS IN LOUISVILLE CLOSE

Kansas City

Closing of Big Downtown Banks Blamed; Not in Danger, Say Heads

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NEGRO INSTITUTIONS AFFECTED BY COLLAPSE OF STRONG WHITE BANK

Houston Defender

11-22-30 Houston, Texas

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Banks-1930

Louisiana

NEW ORLEANS TO ORGANIZE A NEW NATIONAL BANK

NEW ORLEANS, La., Dec. 31.—The officials of the Guiding Star Benefit Association have announced to the public a plan on foot, fostered by the association for the organization of a national bank in the city owned and controlled by Negroes. The associations has made proper alliances with over 207 subordinate lodges and societies, constituting a full membership of over 15,000. These organizations have pledged to deposit their funds in the newly projected bank, and are giving wide publicity to the undertaking in effort to stimulate universal support all over the state for the bank.

The Negro population of the city is estimated at well over 100,000, with an approximate sum of deposits in white banks and savings companies of $2,500,000. Several of the most influential and wealthy colored men in the city have become interested in the plan, and it is expected to begin to take form by the first of the new year.

Banks-1930

Massachusetts.

The Eureka Co-operative Bank, formerly at 936 Tremont Street, Boston, has moved to 934 Tremont Street, on the first floor to more spacious quarters where they are better equipped to render service to the community. Guardian

The officers and directors of the bank were hosts Monday, April 7th, to more than three hundred guests who came in during the afternoon and evening to inspect the new quarters.

The guests were entertained with interesting speeches and information concerning the benefits of co-operative banking. 4-12-30

Refreshments were served.

The bank is open daily from 9 A. M. to 5 P. M. Shares always on sale. Your patronage is solicited. Boston, Mass.

President, Joseph P. Shelton; Vice President, Dr. R. A. Simmons; Treasurer, David E. Crawford.

Mississippi.

Banks-1930

Vicksburg, Miss. Post
Friday, December 5, 1930

NEGROES FORM BANK

MOUND BAYOU, Miss., Dec. 5.—A committee of leading negroes of Mound Bayou, the all-negro delta town, will leave tonight for New Orleans to seek approval of a federal intermediate credit bank formed here by 650 negro business and farmers to assist farmers of their race.

The organization, known as the Mississippi Negro Agricultural Credit corporation, has capitalization of $10,000. It was perfected under the auspices of the National and State federation of Negro Farmers.

A campaign was launched by Mound Bayou's negro business men today to increase the number of subscribers to 1,000.

A state charter has been applied for.

Banks-1930

National Negro Bankers Association.
3

Our Financial Structure

THE meeting of the bankers at Buckroe Beach last week draws attention again to the condition of our financial structure, as far as it is reflected in our own banking institutions. The picture presented in a composite statement compiled by M. C. Martin, of Danville, secretary of the association, is interesting but not impressive, when one takes into consideration the Negro population and its actual and potential earning power.

Of the 25 Negro banks in the United States (there were 72 in 1925) 23 reported to Mr. Martin total deposits of $6,957,000. Their capital stock represented an investment of $1,670,000, and their total surplus and undivided profits were $415,000. Those figures put together represent a relatively small bank, as banks go in the United States. So it is plain that our financial structure, as represented in banking resources, has undergone an enormous shrinkage during the past decade. It is unnecessary to refer here to the causes of this shrinkage. They are understood by all who have lived through the last half of the past decade.

Our banks have represented individual and group efforts to erect a financial structure identified with our race, but they have never truly represented the sum total of our savings, our bank deposits or our financial resources. The majority of these have always remained in the custody of a financial structure not identified with our race. The shrinkage, therefore, as interesting as it is, does not truly represent our financial status. It represents only a fraction of the money which we have in banks. It is not possible to determine from any available sources the true condition of our balance sheet.

What the composite statement does represent in a striking sense is the solvency of the 23 banks which have weathered so far the storms of business upheaval, financial depression and loss of confidence. They represent the best brains and the wisest management that we have had in the banking business. They have demonstrated stamina under stress and resistance to adverse pressure which should win for them our confidence and good will. They constitute a nucleus about which we should proceed to rebuild a financial structure, worthy of our group, commensurate with our numbers and with our earning and buying power. Until we do erect such a financial structure we shall amount to nothing in the economic fabric of the world which anyone will respect, and we shall possess neither economic nor moral power, for we can do nothing that is fundamental to power without money—money which we can put our hands upon and control, for our own benefit and the benefit of others.

SPAULDING SAYS BANK OUTLOOK IS A BRIGHT ONE

Major R. R. Wright Retained As President For 5th Year

MEET AT BUCKROE

Hoover Sends Message Praising Race's Progress

By A Staff Correspondent

BAY SHORE HOTEL, Buckroe Beach, Va.—Custodians of capital from eight states came down to the hotel last Thursday and Friday to examine the present condition of banking and use their combined resources to direct it in an upward trend. It was the fifth annual session of the National Negro Bankers Association.

Major R. R. Wright, whose effort resulted in the organization of the association was unanimously re-elected president after reading what he declared was his final report. He explained that he would not be able to carry on the duties of the office and indicated that he was contemplating retirement from banking, but the association would not let him relinquish the chair.

Other officers elected unanimously were Mrs. Maggie L. Walker, of Richmond, vice-president; Henry Allen Boyd of Nashville, Tenn., vice-president; C. C. Spaulding of Durham, vice president and treasurer; Walter S. Carter of Washington, vice-president; and M. C. Martin of Danville, Va., secretary. Members of the executive board are John O. Blandon of Louisville; William M. Rich of Norfolk; Anthony Overton of Chicago; A. T. Walden of Atlanta and Wilson Lovette of Chicago, retiring secretary.

Message From Hoover

Philadelphia was chosen for the 193 convention.

Addressed to James A. Jackson, associated with the Small Business Unit of the U. S. Department of Commerce President Herbert Hoover sent the following telegram:

"I will be obliged if you will extend my cordial greetings to the National Negro Bankers Association and best wishes for a fruitful discussion of problems. The history of the economic advance of the colored race starting at zero sixty-five years ago and today representing billions of savings from honest labor should hearten all in the possibilities that still lie before them in every field of enterprise."

Among the guest speakers at the sessions were M. E. Bristow commissioner of insurance and banking of Virginia, and L. M. von Schilling, president of the Merchants National Bank of Hampton, who discussed banking problems from his frty year of experience in the business.

One of the features of the two-day session was the report of the president, Major Wright, now 77 years of age, but active notwithstanding, who taught school in Georgia fifty years before moving to Philadelphia in 1920 and undertaking the study of banking. Major Wright, a Spanish-American war veteran, was for a number of years president of Georgia State College, and organizer of the State Teachers Association. Six years ago he started the Citizens and outhern Bank and Trust Company.

Causes of Failures

The president listed the causes of bank failures among Negroes as (1) loans to officers and directors who could not meet their notes at maturity, (2) loans on real estate, already mortgaged in many cases and (3) incompetency.

"Not one bank," said Major Wright, "which has regularly attended the sessions of the National Negro Bankers Association has failed in the last five years."

Commenting on the peculiar status of Negro banks, he said, "No book has yet been written that can tell how to run a Negro Bank. Negro banks have only two things to sell to the public—service and safety."

On the motion of Mrs. Maggie L. Walker, the delegates voted to put Major Wright's address in pamphlet form and distribute among the directors, officers and employees of member banks.

Other features of the sessions were an address by C. C. Spaulding on "Safe Investments." a round table discussion led by John O. Blandon, an address by Anthony Overton on "Bank Liquidity," an address by M. C. Martin on "Bank Reserves" and a review and synopsis of the findings of the convention by Mr. Spaulding.

The delegates also passed a resolution commending the Norfolk Journal and Guide, and the Associated Negro Press for their sane treatment of the Chicago bank failures in their news and editorial columns. They also adopted a resolution condoling friends and relatives of Major Washington who died at Hampton Institute Tuesday of last week.

Important Questions

Two questions which came in for much discussion were the adoption of a member bank as a central bank for deposits of the others, and to which they might apply in emergencies for cash, and the establishment of an exchange to evaluate stoc kin various Negro banks and corporations and to constitute a medium of sale and exchange of such stock. At present, there is no method or system by which bank and other corporation stock may be evaluated. Committees were appointed to study these questions and report at the next session.

At the public meeting at First Baptist Church, Newport News, last Thursday night, Atty. W. R. Walker gave the welcome address. Bible reading was by Rev. A. A. Galvin and invocation by Rev. H. B. Higgs. Mrs. E. R. Payton rendered a solo. The church choir also gave several selections. J. H. Ridley of Newport News was chairman of the committee on arrangements. Associated with him were his son, Leroy Ridley, assistant cashier at the Crown Savings Bank, Abner E. Lee, of Norfolk, L. E. Wilson of Hampton, and C. M. Martin.

Major Wright, who was introduced by Mr. Martin briefly urged his hearers to support their local banking institution. J. Thomas Newsome, editor of the Newoprt News Star, responded. Mrs. Walker also spoke. She is chairman of the board of the Consolidated Bank and Trust Co., Richmond.

Pay 4 Per Cent Plus

C. C. Spaulding, president of the Mechanics and Farmers Bank of Durham injected a great deal of humor and pointed common sense into the meeting when he presented all the bankers present to the audience.

Others who talked briefly were Prof. W. G. Pearson of Durham, who taught Mr. Spaulding in school, M. C. Martin, president of the Danville Savings Bank and Trust Co., described as "the most solvent Negro bank," J. A. Jackson, and Floyd Calvin.

Mr. Spaulding said, "Negro banks pay four per cent plus—plus service, employment, and inspiration for our boys and girls."

Trends in banking and business in general were indicated in various talks during the two days. Major Wright urged the bankers to "get behind the earning power of stocks."

"The day of stock buying is past," he said. "All Negro business set up for the next 15 years must get their capital from a comparitively small group of investors who believe in the ability of the concern to make money Sentiment in stock buying, which motivated the masses a few years back, is gone forever. There will be no more stock buying by the people until stock produces earnings."

Mrs. Walker Present

Mrs. Walker, whom Major Wright said he had been trying to get to the meeting for four years, attended all the sessions. She is now invalided but came to Bay Shore to be present. She was acclaimed as "the outstanding woman of the race."

"Twenty-seven years ago," she stated, I said to several people in Richmond. 'Let's have a bank.'" The result was a penny savings bank with a woman as its president. She also said that her institution had seen three banks fail in Richmond in short order while the institution of which she was the head withstood the financial storm.

In an exclusive interview with the Journal and Guide, Major Wright said: "Negro banks are getting down to the real gist and force of banking. They really understand the principles of banking success better now than ever before and are more willing and determined not to have any more failures.

They understand the principles of loans and investments and are determined to have a surplus and reserve that will keep banks liquid. More young men are well qualified for the banking business than ever before.

Banks Safe, Stock Reliable

"Negro bankers are also rapidly making banking not only respectable and safe but they are endeavoring to make its stock profitable. There is now more confidence and less jealousy on the part of bankers. They are more interested in bank literature and in bank advertising. They are learning that banks must put themselves before the public through their own newspapers which are becoming more interested in the success of banks and less interested in sensational stories about them. The whole outlook is more favorable and more encouraging than ever before."

Outlook For Banks

The point of view of a business specialist was given by James A. Jackson in an exclusive interview.

"Banking among Negroes," said the Department of Commerce specialist, "is just about to crystallize into something with definite program and policies. Negro banks have so far operated on a trial and error basis, having started without knowledge or experience on the part of their promoters and with capital assembled largely through sentimental appeal.

"The last twenty years," he continued, "have seen tremendous mortality which under the circumstances was all that could have been expected. However, at the sacrifce of much money and with the shattering of many individual hopes, Negroes have eventually learned banking.

"Discussions at the present convention indicate that our bankers fully understand their peculiar situation in the general scheme of American finance. They have recognized the hazard in excessive real estate and other long-time loans and have established definitely

just what proportion of an institution's resources should go into such paper. They have apprized themselves of the industrial wage earning, regular pay-day character of the majority of their customers, and have adjusted loan methods to meet these requirements. They have taken very serious notice of the definite upward tendency on the part of our many little businesses and have committed themselves to affording every possible assistance consistent with good banking.

"In this connection, may I state that interviews with virtually all the Negro bankers and several hundred white bankers over the country show conclusively that these two groups are following the same policies with reference to commercial loans, character of business, efficiency, bookkeeping and authentic statements together with a knowledge of marked probability of being the foundation upon which commercial loans are made. Color seldom enters into the matter.

"In the main," Mr. Jackson concluded, "Negro banks, as with others, invest working funds in listed securities of good yield and highly liquid type which is conceedingly good banking. Negro business as a whole is looking upward. There is a growing commercial mindedness among Negroes and banks are feeling and sharing in this."

Among those who spoke briefly at the Friday session were Dr. H. Dodford Dismukes, whose sanitarium in McDowell County, West Virginia, has been described as "the most modern and up-to-date in the world"; J. E. Mitchell, director of the Industrial Bank of Washingon; James A. Jackson, Negro Business Specialist of the U. S. Department of Commerce; Thomas W. Young, of the Norfolk Journal and Guide; J. Finley Wilson, grand exalted ruler of the Elks; and J. E. Kelley, grand secretary of the Elks.

Bankers End Session at Buckroe Beach

Newspaper 9-27-30

BUCKROE BEACH, Va., Sept. 26.—The most outstanding development at the sixth annual meeting of the National Negro Bankers association, which closed its two-day session here at the Bay Shore hotel last Friday, was the appointment of a committee to devise plans for the establishing of a market for the listing of securities of corporations.

Heading this committee is Mrs. Maggie L. Walker, chairman of the board of the Consolidated Bank and Trust company of Richmond and other members are Anthony Overton, president of the Douglass National bank of Chicago; J. O. Blanton, president of the American Mutual bank of Louisville; A. T. Walden,, president of the Citizens Trust company of Atlanta, and James A. Jackson, representing the department of commerce, Washington.

In naming the committee Major R. R. Wright of Philadelphia, president of the association, said he felt the time had come when some kind of a market should be established which could properly evaluate stocks in our company and which could offer these stocks for sale.

Virginia proved a royal host to the visiting bankers. There are six banks in the state, more than in any other one state, and they sent strong delegations to attend the meetings. The largest individual delegation came from the Consolidated bank of Richmond, which included Mrs. Maggie L. Walker, chairman of the board; Emmett C. Burke, president; Miss Lillian Basley and Miss Lillie Payne, directors and members of the auditing committee. It was the first time Mrs. Walker had been able to attend one of the meetings.

The convention opened Thursday morning in the club rooms of the Bay Shore hotel with a round table discussion on intimate banking problems, presided over by Major Wright, the president of the association and also president of the Citizens and Southern Bank and Trust company of Philadelphia. Among those taking part in these discussions were: Mr. Overton; E. C. Wright, cashier of the Philadelphia bank; A. T. Walden of Atlanta; J. H. Ridley, cashier of the Crown Savings bank of Newport News; C. C. Spaulding, president of the Mechanics and Farmers bank of Durham, and Prof. W. G. Pearson, chairman of the board of the Durham bank and also president of the Royal Knights Savings and Loan association of Durham, and Wilson Lovett, vice president of the First Standard bank of Louisville, Ky., and treasurer of Supreme Liberty Life Insurance company of Chicago.

Main speakers at the afternoon session were: Mrs. Maggie L. Walker, whose address on "Women's Influence and Duty in Building Up Our Financial Institutions" was heartily cheered, and C. C. Spaulding, who spoke on "Safe Investments." The keynote of Mrs. Walker's address was that women spend 85 per cent of the income, and if they are properly organized they can be more easily impressed with the necessity of spending with Colored merchants who can in turn help build bigger banks, but they can also be induced to use Negro banks for their savings accounts. Mr. Spaulding's address dealt mainly with differentiating between the kinds of investments a bank should make.

The only public meeting of the association was held Thursday night at the First Baptist church, 23d and Jefferson Sts., Newport News, the Rev. A. A. Galvin, pastor. J. H. Ridley presided. Attorney W. R. Walker of the Crown bank delivered the address of welcome, and Anthony Overton responded. J. Thomas Newsome, local editor, also extended a welcome. Other speakers were: C. C. Spaulding, A. T. Walden, J. O. Blanton, Prof. W. G. Pearson, Major R. H. Wright, M. C. Martin, Mrs. M. L. Walker, Joseph H. Green, assistant cashier, and M. S. Koonce, member of the board of Prudential bank of Washington.

The most important session was held Friday morning. The first address was delivered by Myron E. Bristow, commissioner of insurance and banking of Virginia; the second by L. H. Von Schilling, president of the Merchants bank of Hampton, and the third, the annual address by the president, Major Wright. Mr. Bristow quoted some old banking axioms and cautioned the delegates to not be swayed by sentiment when granting loans.

Mr. Von Schilling spoke from his 41 years of banking experience. When Major Wright arose he announced that he was about to retire. He reluctantly admitted he was getting on in years, and because of this his wife had asked him not to stand again for re-election. He said that was, therefore, his last speech. He spoke for half an hour on the personal problems confronting the bankers as a group, and at the close of his address, on motion of motion of Mrs. Maggie L. Walker, he was re-elected over both his own protest and the protest of his wife. The major agreed to accept again only if the main burden of his office would be shifted to other shoulders. This was accomplished by naming Mr. Spaulding vice president and treasurer, with the authorization to carry on the correspondence for the next meeting. Mrs. Maggie Walker was named first vice president; Henry Allen Boyd, second vice president; Walter S. Carter of the Industrial bank of Washington, third vice president, and M. C. Martin, secretary. Wilson Lovett, formerly secretary, was named a member of the executive committee.

The next meeting will be held in Philadelphia. M. Conrad Martin closed the meeting with an address on "Bank Reserves." Mr. Overton, who was assigned to discuss "Bank Liquidity," talked more on the practical problems of banking in general. The convention voted to print Major Wright's address in pamphlet form and circulate it generally among bankers.

The association adjourned to attend in a body the funeral of Maj. Allen Washington, commandant at Hampton Institute, who died Tuesday evening. After that a short sight seeing tour, conducted by Leroy F. Ridley, assistant cashier of the Crown bank, which included a visit to that bank and ended with a reception at the home of J. H. Ridley. A dance was held in the ballroom of the Bay Shore hotel for the association Friday night.

President Hoover wired through James A. Jackson, the government representative at the meeting, the following greetings: "I will be obliged if you will extend my cordial greetings to the National Negro Bankers association and best wishes for fruitful discussion of problems. The history of the economic advance of the Colored race, starting at zero 65 years ago and today representing billions of savings from honest labor, should hearten all to the possibilities that still lies before them in every field of enterprise."

Gov. John Garland Pollard wrote he regretted very much to find that "I will not have the pleasure of addressing your association this week. Please express to the gathering my appreciation of the honor that they do me in asking me to address them, and convey my best wishes for the success of the occasion."

Overton, president of the Douglass National Bank of Chicago; A. T. Walden, prsident of the Citizens' Trust Company of Atlanta, Ga., and James A. Jackson, representing the Department of Commerce, Washington, D. C.

Major R. R. Wright of the Citizens and Southern Bank and Trust Company of Philadelphia was reelected president. The Major agreed to accept again only if the main burden of his office would be shifted to other shoulder.s This was accomplished by naming Mr. Spaulding vice president and treasurer with the authorization to carry on the correspondence for the next meeting.

Mrs. Maggie Walker was named first vice president; Henry Allen Boyd, second vice; Walter S. Cater of the Industrial Bank of Washington, third; M. O. Martin, secretary; Wilson Lovett, formerly secretary, was named a member of the executive committee. The next meeting will be held in Philadelphia.

PLAN TO MARKET SECURITIES

Negro Bankers Association Convene

Journal 10-4-30

Buckroe Beach, Va., Sept. 26 (CNS)—The main problem taken up by the Sixth annual meeting of the National Negro Bankers' Association, which convened here at the Bay Shore Hotel last week, was the devising of a plan't to evaluate and market securities and stock in Negro corporations. Major R. R. Wright, president of the association, appointed a committee to study the situation and report to the next meeting. Heading the committee is Mrs. Maggie L. Walker, chairman of the board of the Consolidated Bank and Trust Company, Richmond; J. O. Blanton, president of the America Mutual Bank of Louisville, Ky.; Anthony

Banks-1930

New York.

Charles C. Huitt Named Dunbar Bank President

Age
2-1-30

The Dunbar National Bank announces the election of Charles C. Huitt as its president. N.Y.

Mr. Huitt was born in Illinois in 1884, and was educated at Shurtleff College at Alton, Ill. For twenty years, he was connected with the Missouri Pacific Railroad, at one time acting as assistant to the president.

In 1922, Mr. Huit organized the Ampere Bank at East Orange, N. J., and is now the president of that bank.

CIVIL WAR BANK AFFAIRS CLOSED

Colored Banks
1-12-30

Depositors Of Institution After Civil War Lost Million Dollars

Norfolk Va

NEW YORK, N. Y.—Agitation covering a period of fifty years by Negroes to secure Congressional legislation authorizing the Federal Government to re-imburse in full depositors who lost over a million dollars in the collapse of the Freedmen's Savings and Trust Company, has produced no results, it has become known with the announcement by Under Secretary Odgen L. Mills, of the U. S. Treasury Department, that no further financial relief is to be given.

Representative, John J. Cochran of St. Louis, at the instance of a constituent who cherished hopes of recovering his losses through the benevolence of Uncle Sam, upon making inquiry as to the possibility of favorable action, received a communication from Mr. Mills which read in part:

"The accounts of the Freedmen's Savings and Trust Company were finally closed on Dec. 1, 1920, and the Comptroller of Currency, as Commissioner, reported to the Speaker of the House of Representatives that the sum of $7,733,475.71 had been paid on claims amounting to $2,939,925.22. The funds of this company were entirely exhausted on that date."

Branches Chiefly In South

The writing of finis ten years ago by Government officials to one of the most tragic and untimely financial crashes in the annals of American banking was not given widespread circulation, and to many indulging in sanguine expectation that their claims would be favorably recognized the information will come as a big surprise.

The chartering of the Freedmen's Savings and Trust Company by Congress and the statement by the institution appearing on the stationery and literature that "the Government of the United States makes this bank perfectly safe" induced thousands of Negroes to become depositors. The belief was general that if the bank ever failed the United States Treasury would have to become bankrupt. Nothing was done to dissipate this opinion.

In the last seventies and early eighties bills were introduced in Congress providing for the reimbursement of depositors by the Government of deground that it was morally responsible. At no time did the Senate and House jointly concur, although both branches acted favorably on relief measures, but not during the same session.

The Freedmen's Bank grew out of the successful operation of military savings institutions for Negro troops during the Civil War at Beaufort, S. C., and Norfolk, Va. Friends of emancipated slaves had an act passed by Congress March 3, 1865, granting a charter for the organization of the Freedmen's Savings and Trust Company. It was the first bank in the Unted States in which Negroes held positions of honor and trust.

Trouble Began In 1874

The concern's management was placed in the hands of a board of fifty trustees, who elected from their number a President and two Vice Presidents and appointed such other officers as the business of the company required. The principal office was in Washington. Thirty-six branches were opened, principally in the South.

In 1874, the affairs of the company became seriously involved and the trustees were authorized to appoint three Commissioners to wind up the business. John J. Knox, Comptroller of Currency; R. H. T. Leipold, a Treasury official, and Robert Purvis, a retired Negro business man of Philadelphia, were named. In 1881 Congress authorized the Secretary of the Treasury to appoint the Comptroller of Currency to liquidate the Freedmen's Savings and Trust Company.

At the time the company went on the financial rocks the charge was made that a white politician in Washington had borrowed and invested large sums of the bank's funds in a public improvements venture.

MODERN BANKING METHODS.

Age
1-12-30

When the Dunbar National Bank was opened in Harlem about two years ago it was announced to be a community bank, designed to contribute, along with other agencies, to the betterment of business conditions in Harlem. It started with a capital of half a million dollars, and the credit of a great name behind it. It was denominated as a bank without prejudices, whether of race or sex or religion or economic status. It services were placed at the command of the humblest citizen. The officers were thoroughly versed in the technique of banking and the tellers. bookkeepers and other employees were selected from the Negro race. It was truly a biracial bank.

New York. N.Y.

Since that time the institution has made sure and steady progress in winning the confidence of the people and making good its promise of service in financial matters. It has increased its interest rate on thrift accounts, it has opened checking accounts for many of the residents of the Dunbar Apartments, it has made loans on satisfactory security, and it has aided those who wished to invest their savings in bonds or sound stocks. It has advised those anxious to buy property to avoid taking on greater obligations than they could safely carry, and it has given counsel of prudence and safety to those in need of it.

More than this, the bank has proved a training school for those of our young men and women who have been numbered among its employees. Two of these have received recognition of their ability and experience by promotion to the rank of bank officials. Robert Braddicks who had an experience of twenty-five years with the Manufacturers Trust Company before he joined the Dunbar forces, has been made assistant vice-president, while John P. Quander jr., for many years an accountant and bookkeeper, is now an assistant cashier. The material growth of the bank has made it necessary to enlarge the space of its operations by taking over another store.

The public confidence felt in the institution as a safe and sound example of modern banking methods has been demonstrated by its choice as a depository for city funds, and the City of New York is now one of its depositors. Much of the recent progress of the bank has been due to the initiative displayed by the new president, Charles C. Huitt, who about six months ago was elected to the vacancy caused by the death of Joseph P. Higgins. Mr. Higgins was formerly vice-president of the American Exchange Irving Trust Company, and placed his banking experience unreservedly at the service of Harlem residents.

The Dunbar National Bank is serving Harlem both as a financial institution and as a training school for racial development.

Banks- 1930

North Carolina

NO. CAR. BANKERS SENTENCED TO FIVE YEARS AT HARD LABOR

WILSON, N. C., Feb. 17 (CNS).—J. D. Reid, vice-president, and H. S. Stanback, cashier of the defunct Commercial Bank of this city, which was closed last September by bank examiners after a suspicious fire in the bank vault, were found guilty by a jury in Superior Court Friday on charges of receiving deposits for the bank knowing it was insolvent. They were sentenced to five years in State's prison at hard labor.

Amsterdam News 2/19/30

The bankers went on trial here last Wednesday charged also with embezzlement, forgery, making false entries in the bank's records.

Stanback is also under indictment in the United States District Court on charges of violating the veterans' adjusted compensation act and will probably face trial on that count in the April term of the District Court.

2 BANKERS GIVEN FIVE YEARS AT HARD LABOR

V.-Pres. and Cashier of Defunct N.C. Bank are Sentenced.

$70,000 DEFICIT

Took Deposits; Knew Bank was Insolvent.

WILSON, N. C. (CNS)—J. D. Reid, vice-president, and H. S. Stanback, cashier of the defunct Commercial Bank of this city, which was closed last September by bank examiners after a suspicious fire in the bank vault, were found guilty Friday on charges of receiving deposits for the bank knowing it was insolvent, and sentenced to five years at hard labor.

Vice-President and Cashier 2/22/30 Sent

The bankers went on trial here last Wednesday charged with embezzlement, forgery, making false entries in the bank's records and with receiving deposits knowing the institution to be insolvent. Other charges were dropped temporarily.

No Witnesses

The case took a surprising turn late Thursday afternoon when defense counsel rested the case immediately after the prosecution completed its case, without offering a witness to deny the testimony of numerous witnesses presented by the State.

Judge N. A. Sinclair, of Fayetteville, allowed an hour and a half for each side for argument. O. Dickens, Wade, Gardiner, Bryce Little, Silas R. Lucas and Pete Bell were defense attorneys.

Jury Out an Hour

The jury retired at 12:47 Friday afternoon and returned after an hour and five minutes with the verdict of guilty.

C. A. Bean, certified public accountant of Richmond, Virginia, who conducted an investigation into the affairs of the defunct institution lasting approximately a month, testified that the bank had been insolvent for four months prior to the fire and from his findings in the investigation gave numerous discrepancies in the large accounts of the defunct bank.

He found, he stated, a duplicate set of books on which balances were shown at two different figures, and that the variations in balance of the accounts ranged from a few dollars to hundreds of dollars. He also told of instances in which he found the accounts of both Stanback and Reid overdrawn on one ledger sheet and the overdraft not carried forward to the next sheet, but dropped from the records.

$70,000 Deficit

Bean testified that he discovered a deficit of approximately $70,000.

He also testified concerning notes said to aggregate between $30,000 and $35,000 which were allegedly destroyed in the fire. The notes that he found record of in the bank failed to total $6,000, however.

Mrs. Tate's Account

The ledger sheet of Mrs. Hattie Tate's account was exhibited and showed an overdraft of $14.38 on September 5th and no later entries. Her bank pass book and savings account book were also exhibited and showed two items transferred from the savings account to the checking account which would leave a balance of more than $120.

Other witnesses came from Raleigh, Roxboro, Nashville, and other points in North Carolina.

500 Attend

At every session of the trial the court room was crowded with 500 or more of the bank's depositors and stockholders who had been victimized. There was an intense feeling of resentment against the accused which resulted in an announcement that a demonstration or applause would not be tolerated on the announcement of the verdict.

Verdict Appealed

Defense counsel's motion to set aside the verdict was denied by Judge Sinclair who immediately pronounced the sentence. The defense then noted an appeal to the Supreme Court of the State and $15,000 bonds were required for each defendant. Failing to provide the bonds, the convicted men were remanded to jail.

Other Charges

Stanback is also under indictment in the United States District Court on charges of violating the veterans' adjusted compensation act and will probably face trial on that count in the April term of the District Court.

WINSTON SALEM, N. C.
JOURNAL

MAR 24 1930

Takes Over Colored Bank

Beginning today the Forsyth Savings and Trust Company will be operated as a branch of the Wachovia Bank and Trust Company. This change in management was effected at the suggestion of the directors of the negro bank who stated in a letter to the Wachovia Bank and Trust Company that unless such a merger was arranged it might be impossible for the negro bank to keep its doors open longer. Such an event, the letter explained, would have been of great inconvenience and possible loss to the depositors and other patrons of the strained bank.

It is indeed fortunate that the Wachovia Bank and Trust Company was in a position to take over the management of the Forsyth Savings and Trust Company. Many negroes will thus be saved from possible loss. Patrons of the bank will be able to go about their business this morning with an ease of mind that would otherwise have been distinctly lacking.

The bank has a capital of $20,339 and deposits of $186,534. These figures show that the bank has been growing during the twenty-three years that it has been organized. It has gained the confidence of negroes to a large extent and has been of decided benefit to them. The decision of the directors to invoke the aid of the larger bank while it was yet time and thus save its friends and patrons from serious embarrassment speaks well for these officials.

SENTINEL
WINSTON-SALEM, N. C.

MAR 26 1930

Colored Citizens Appreciative

A number of the more prominent of the colored citizens of Winston-Salem have expressed through the press their appreciation of the action of the Wachovia Bank and Trust Company in taking over the assets and liabilities of the Forsyth Savings and Trust Company, a colored financial institution of the city.

This colored bank had come to the point where it was uncertain of being able to continue operations. The directors laid the facts before the officials of the Wachovia Bank and Trust Company who decided, after investigating the situation and appraising in carefully, to render the relief sought.

As a result of this action the savings of many negroes in the city have been salvaged and the bank has been enabled to keep on as an agent of financial service to the negroes of the city. In saving this bank, the Wachovia Bank and Trust Company has rendered a lasting service to Winston-Salem and deserves the grateful appreciation of all our citizenship, white and colored alike.

Banks- 1930

Ohio.

NEW PRESIDENT OF BANK HAS ITS CASHIER JAILED

Journal and Guide

James Wilbur Strode, 25, Alleged To Have Paid Off Hits

10-11-30

Norfolk, Va.

TWO OTHERS HELD

Loss of $4,500 covered By Bond, Officials Of Bank Reveal

By GENE RAY

CLEVELAND, Ohio—(ANP)—James Wilbur Strode, 25, secretary and cashier of the Empire Savings and Loan Bank, was arrested here Saturday for embezzling between $4,180 and $4,500 of the bank's funds.

Strode, who was regarded here as a youthful financial wizard, used the money, it is charged, in financing a numbers racket for Reuben Black and Luther White, well-known officers of the Credential Bond and Mortgage Company of this city, who were also held on warrants, charging embezzlement sworn out by the prosecuting attorney.

New President Credited

To J. W. Wills, Sr., president of bank, and well-known pioneer Cleveland undertaker, goes the credit for the apprehension of the swindle. Mr. Wills became president of the institution upon the sudden death of the founder, H. S. Chauncey, last July. Upon familiarizing himself with the bank's affairs, he is said to have become suspicious of the system of keeping records. Sending Cashier Strode on a vacation, he had a firm of public auditors, Alexander, Cochran and Huffman, audit the bank's accounts.

When it was discovered that the shortage exceeded $4,000, Mr. Wills sent for Strode, who came to the bank Monday and was taken by Sgt. Emil Smetena and Lieut. John Zeman, detectives, to the Central Police Station for questioning and investigation by Inspector Joseph Sweeney and Mr. Potts of the bureau of investigation and identification.

Deficit Covered

The auditors have not completed their audit but it is thought the total amount will probably reach $4,500.

Mr. Wills has issued a statement for the directors of the bank to the effect that the total deficit is well covered by a bond and that the affair does not in anyway effect the status of the bank. The bank has deposits of $300,000 and $275,000 invested in mortgages.

In his statement, Strode is said to have admitted he received $25 per week from Black for "paying off" with the bank's funds, "hits" on a number racket. White and Black were together on the proposition, according to the satement Strode is said to have made.

The records show that at one time Strode cashed a bogus Credential Bond and Mortgage check on a Louisville bank for Black which was later redeemed by Black but that several worthless checks passed by Strode for White have not been redeemed.

White and Black Held

Miss Frances Nichols, 2254 E. 89th St., secretary to Luther White and Reuben Black at the office of the Credential Bond and Mortgage Company, 2321 E. 55th Street, advised the Associated Negro Press correspondent that the two men were out of the city, she thought, in Chicago, and would be away all week , but upon investigation, the writer was informed at the Detective Bureau that White is held on a charge of embezzling $2,200 and Black for $4,100 with Strode, on warrants sworn out by the prosecuting attorney.

Strode lives at 90th and Cedar Sts., and graduated from a local high school at the age of 18. He is now 25. When 19, he became connected with the Empire Bank.

Bond was arranged for Black, who formerly lived in Atlanta, Georgia, where he managed the Auditorium Theatre and was engaged in the insurance business by friends in Chicago.

Strode and White are still in confinement. Luther White was formerly manager of the Cleveland branch of the National Benefit Life Insurance Company.

Had Check Cashing Right

Friends of Black state that Strode is trying to hide his own speculations by using Black and the numbers' racket as a smoke screen. It is also reported that White had no connection with the numbers business and that the checks were cashed to settle indebtedness arising from the recent illness of his wife.

The Empire Bank was in reality a building and loan organization authorized under the Ohio State laws to accept deposits but not to do a commercial banking business. Strode, as cashier, is said not to have had the right to cash checks.

The Credential Bond and Mortgage Company of which the two men, White and Black, were officers, was regarded as a promising business institution.

Banks-1930

Tennessee

TENN. BANK CLOSES

Courier

NASHVILLE, Tenn., Nov. 26—(C N. S.)—The People's Bank and Trust Company closed its doors last Friday. The crash came along with three of the big white institutions which also failed to open.

11-29-30

Population 100

The bank is headed by J. B. Singleton and is the third colored institution to close its doors during the heavy financial strain and unemployment depression.

Banks-1930

Virginia.

DANVILLE BANK'S PROGRESS CITED IN YEAR'S REPORT

Journal & Guide

DANVILLE, Va.—At the eleventh annual Stockholders' meeting of Danville Savings Bank and Trust Company held here, out of the 5,000 shares of the bank's outstanding capital there were more than 3,300 represented in person or by proxy, representing 67 per cent of its stock. Reports of the board of directors and of the cashier, M. C. Martin, showed substantial growth.

While the deposits in this institution do not amount to as much as in some larger institutions, this bank continues to be an outstandnig example of how safely and soundly our institutions can operate when strict and progressive banking rules are observed and rigidly adhere to.

The members of the board of directors were re-elected for another year as follows: G. W. Goode, Chairman of the Board; E. G. Adams, J. H. Adams, P. H. Doswell, Charles Duke, J. E. Geary, F. P. Graves, W. H. Hubbard, Theodore Manuel, Irvin W. Taylor, Watkin Thompson, W. H. Wilson, and A. L. Winslow.

The official incumbents were re-elected by the board as follows: Watkins Thompson, president; P. H. Doswell, vice president; A. L. Winslow, vice president; M. Conrad Martin, cashier.

DANVILLE BANK MAKES GAINS

DANVILLE, Va., May 8—The seventh annual stockholders' meeting of Danville Savings Bank and Trust Company, Danville, Va., was held on last Thursday in Forum Hall at 211½ North Union street.

Out of the 5,000 shares of the bank's outstanding capital, there were more than 3,300 represented in person or by proxy, representing 67 per cent of its stock. Despite the serious industrial situation in the surrounding territory, reports of the board of directors and of the cashier, M. C. Martin, showed substantial growth and satisfactory progress for the past 12 months. The cashier's report showed the institution's resources to be in an unusually liquid condition which, as he explained, was at the sacrifice of a probably higher return in interest earnings, but during such uncertain times its management considered such a policy to be a very cheap safety insurance which more than compensated for the reduced income.

While the deposits in this institution do not amount to as much as in some larger institutions, this bank continues to be an outstanding example of how safely and soundly our institutions can operate when strict and progressive banking rules are observed and rigidly adhered to.

After the reports there followed expressions from any of those present who promised to boost their institution and help bring its deposits to half a million, if possible, by the next meeting. The members of the board of directors were re-elected for another year as follows: G. W. Goode, chairman of the board; E. G. Adams, J. H. Adams, P. H. Doswell, Charles Duke, J. E. Geary, F. P. Graves, W. H. Hubbard, Theodore Manuel, Irvin W. Taylor, Watkin Thompson, W. H. Wilson, A. L. Winslow. The official incumbents were re-elected by the board as follows: Watkin Thompson, president; A. L. Winslow, vice president; P. H. Doswell, vice president; M. Conrad Martin, cashier.

Negro Bankers to Meet At Buckroe Beach, Va.

9-13-30

Buckroe Beach, Va.—According to announcement by M. C. Martin, cashier of the Danville Savings Bank and Trust Company, and chairman of the Virginia committee on arrangements, plans are complete for the entertainment of delegates to the National Negro Bankers Association which convenes here September 18 and 19.

John H. Ridley, cashier of the Crown Savings Bank of Newport News, is chairman of the local committee, and has associated with him L. E. Wilson, secretary of the Peoples Building and Loan Association at Hampton, and Abner E. Lee, secretary of the Metropolitan Bank and Trust Company of Norfolk.

The Thursday night meeting of the Association will be held on the campus of Hampton Institute, with William Rich, president of the Metropolitan Bank of Norfolk, as the principal speaker.